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## Designs (Consequential Amendments) Bill 2002

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Designs (Consequential Amendments) Bill 2002

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# Designs (Consequential Amendments) Bill 2002

**Date Introduced:** 11 December 2002

**House:** House of Representatives

**Portfolio:** Industry, Tourism and Resources

**Commencement:** The Act will commence immediately after the Designs Act 2002 commences.

## Purpose

The purpose of the Bill is to:

- amend the *Copyright Act 1968* to correct anomalies in the provisions dealing with the overlap between design and copyright protection, and
- make consequential amendments to a number of Acts, due to the enactment of the *Designs Act 2002*.

## Background

This Bill contains amendments consequential to the repeal of the *Designs Act 1906* and the proposed enactment of the *Designs Act 2002*. For an account of the background to this initiative plus an overview of designs law see the Bills Digest for the Designs Bill 2002 (*Bills Digest No. 129, 2002–2003*).

This Bill also contains amendments to the *Copyright Act 1968*. The background to these amendments is discussed below.

### Design Law and the Protection of Artistic Works

A key concern in the design protection area is that of its relationship with copyright protection, as both regimes may protect the same subject matter, particularly where a 'drawing' may be a design.

Concerns about potential anomalies arise in relation to the protection of artistic works. In broad terms copyright provides anti-copying protection for artistic works for 50 years

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from the author's death.<sup>1</sup> By contrast designs law provides exclusive exploitation rights for industrially applied art for a much shorter period (currently 16 years and to be soon changed to 10 years). As a policy matter it has been considered inappropriate to allow industrially applied art the long period of protection granted to artistic works protected by copyright. For this reason there are provisions in the Copyright Act (sections 74-77) that seek to prevent dual protection. These provisions attempt to exclude copyright protection for works industrially applied as three-dimensional designs unless the work is a building, a model of a building or a work of artistic craftsmanship.<sup>2</sup> However copyright protection is lost if these works are registered as designs.<sup>3</sup> Full copyright protection is retained for works applied as two-dimensional or 'surface designs', even if registered as designs.<sup>4</sup> These provisions have been criticised for being overly complex and for creating further anomalies.

The Australian Law Reform Commission in its major review of designs law<sup>5</sup>, examined these design/copyright overlap provisions and considered four options for reform:

- **Option 1** — full copyright protection for artistic works industrially applied as designs – ie sections 74-77 would be repealed and dual copyright and design protection would be permitted for all two- and three-dimensional designs
- **Option 2** — retain existing sections 74-77 with modifications to clarify existing policy
- **Option 3** — remove full copyright protection for artistic works commercially exploited in two dimensions by limiting the term of copyright
- **Option 4** — repeal sections 74-77 and introduce an adaptation right for artistic works into the Copyright Act.<sup>6</sup> An adaptation right gives the copyright owner the right to industrially apply a version of the copyright work that is itself an artistic work in three dimensions. The amendment would preserve copyright for all three-dimensional products that were not sculptures, works of artistic craftsmanship or buildings or models of buildings. For example, a sculpture made from a drawing of a sculpture would infringe copyright but a pump made from an engineering drawing would not.<sup>7</sup>

The ALRC's preferred option was Option 4. However if this option was not accepted, the ALRC recommended implementation of Option 2. It rejected Options 1 and 3.

The Government in its response to the ALRC report rejected Option 4 on the basis that the suggestion poses further difficulties and uncertainty in terminology; and that there would be a loss of copyright protection in the case of designs for articles that have not been industrially applied.<sup>8</sup>

The Government's preferred response was Option 2, which this Bill implements.

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## Main Provisions

### Schedule 1 — Amendments to the *Copyright Act 1968*

Sections 74-77 of the Copyright Act provide a defence to a copyright infringement action by providing that some uses of an artistic work<sup>9</sup> do not infringe copyright in that work. In summary, section 74 defines 'corresponding design', section 75 removes copyright protection when a corresponding design is registered under the Designs Act, section 76 applies where a design has been falsely registered and section 77 provides a defence to copyright infringement where an artistic work has been industrially applied but not registered as a design or not registrable. The possibility of dual protection is limited to two-dimensional or surface designs. Works of artistic craftsmanship, buildings and model buildings also retain copyright protection but only if they are not registered as designs. Strictly therefore they do not receive dual protection.

The effects of sections 74-77 are as follows:

- Two-dimensional designs continue to receive copyright protection as artistic works under the Copyright Act when applied as surface designs to articles, to the extent that those design features reproduce the artistic works. If the design is also registered under the Designs Act then dual protection is given
- The copyright in a two dimensional artistic work continues to be infringed by a two-dimensional copy of that work made in the course of industrial application, that is, 'plan-to-plan' copying
- Three-dimensional articles retain copyright protection only if they are works of artistic craftsmanship or buildings or models of buildings. However copyright protection is lost if these items are registered as designs
- In other cases, copyright protection for artistic works applied as three-dimensional designs is effectively forfeited if the corresponding design is commercially produced.<sup>10</sup>

Section 10 of the Copyright Act is a definitions section. **Item 1** amends the definition of 'artistic work' in subsection 10(1) to clarify that a work can be both a work of artistic craftsmanship and an artistic work. The purpose is remove uncertainty as to the meaning of the term 'work of artistic craftsmanship' for the purposes of section 77.

Central to the overlap provisions is the term 'corresponding design' in section 74. The difficulty with the current definition of 'corresponding design' is that it has been held that the word 'design' means only designs registrable under the Designs Act and therefore non-registrable designs of three-dimensional articles (eg functional designs such as pump parts) are entitled to copyright protection.<sup>11</sup> **Item 2** amends the definition so that a 'corresponding design' means visual features of shape or configuration which, when embodied in a product, result in a reproduction of that work, whether or not the visual features constitute a design that is capable of being registered under the proposed *Designs*

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*Act 2002*. The purpose of this amendment is to make the definition consistent with the definition of 'design' in the proposed *Designs Act 2002*, and to clarify that a 'corresponding design' includes designs that are not registrable under the Designs Act. **Item 3** makes a further amendment to the definition of 'corresponding design' to clarify that visual features can be embodied in a product by being woven into, impressed on or worked into the product.

Section 75 removes copyright protection in an artistic work when a corresponding design is registered under the *Designs Act 1906*. **Item 4** makes consequential amendments to section 75 by inserting a reference to the proposed *Designs Act 2002* and updating the terminology to reflect the new definition of 'corresponding design'.

Section 77 limits copyright protection where an artistic work has been industrially applied as a three-dimensional design but is not registered as a design or is not registrable as a design under the current Designs Act. **Items 5-13** amend section 77 in a number of ways. They make consequential amendments by inserting references to the proposed *Designs Act 2002* (**items 6-7, 11-12**) and updating the terminology to reflect the new definition of 'corresponding design' (**items 9, 10 and 12**). **Item 8** inserts **new subsection 77(1A)** which has the effect of allowing for the manufacture of a three-dimensional object illustrated in a published patent specification or design representation without infringing copyright. **Item 13** inserts **new subsection 77(5)** which adds definitions of the terms 'building or model of a building', 'complete specification' and 'representation'. Buildings and models of a building are exempt from loss of copyright protection under section 77. The new definition of 'building or model of a building' clarifies that the exemption does not encompass portable buildings.

**Item 14** inserts **new section 77A** which provides a defence to copyright infringement for certain reproductions of artistic works made in the course of, or incidental to, making products that do not themselves infringe copyright. The Explanatory Memorandum provides an example of where a drawing or plan made in the course of manufacturing non-infringing three-dimensional products may infringe copyright in the original drawing or plan. Under new section 77A such drawings or plans would not infringe copyright.

## Schedule 2 — Consequential Amendments of other Acts

**Schedule 2** amends a number of Acts consequential to the enactment of the proposed *Designs Act 2002*. The amendments tend to be of two types. They either:

- replace references to the *Designs Act 1906* with references to the *Designs Act 2002* (for example, **items 1, 2, 4, 6, 9, 11, 14, 15, 17, and 19**), or
- insert actual references to the *Designs Act 1906* (for example, **items 7, 10 and 16**) in order to ensure that rights preserved because a design was registered under the old Act will be preserved on the commencement of the proposed *Designs Act 2002*.

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## Endnotes

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- 1 *Copyright Act 1968*, section 33.
- 2 *ibid.*, section 77.
- 3 *ibid.*, section 75.
- 4 *ibid.*, section 74.
- 5 Australian Law Reform Commission, *Reform No 74 - Designs*, Sydney, 1995. Located at: <http://www.austlii.edu.au/au/other/alrc/publications/reports/74/ALRC74.html>, (as at 17.03.2003).
- 6 ALRC, *Op.cit.*, para 17.4.
- 7 *ibid.*, para 17.9.
- 8 Government response to the ALRC Report. Recommendation 170. Located at: <http://www.alrc.gov.au/inquiries/title/alrc74/response.htm>, (as at 17.03.2003).
- 9 'Artistic work' is defined in subsection 10(1) of the Copyright Act.
- 10 This material is extracted from the Australian Law Reform Commission, *Op.cit.*, para 17.6.
- 11 Gaye Middleton, 'Copyright/Designs Overlap: The ALRC's Recommendations and the Federal Government's Response', *Australian Intellectual Property Journal*, v.10(4), November 1999, p. 206.

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